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December 3, 2021

Docket Control  
ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
Phoenix, AZ 85007

RE: Arizona Public Service Company (APS)  
2021 Demand Side Management (DSM) Implementation Plan  
Docket No. E-01345A-20-0151

### **Notice of Incentive Adjustment**

Commission Decision No. 78164 (July 28, 2021) (the Decision) approved "Arizona Public Service Company's ability to increase or decrease incentives with a 60-day notice to the Commission."

Pursuant to the Decision, APS provides this notice of its intent to adjust an incentive for the APS Cool Rewards smart thermostat demand response program for Residential and Small Business customers, effective February 1, 2022.

APS intends to increase the Cool Rewards annual participation incentive from \$25 to \$35 per thermostat per year. This incentive is paid to Cool Rewards participants each year they remain in the program and provide demand response capacity. The increased incentive is in recognition of the value provided by the program in achieving peak demand reductions and the support it offers to retain participants in the program, which assists APS in continuing to scale this valuable clean resource.

### **Notice of Reallocation of Budgeted Funds Between Program Segments**

The Decision approved "Arizona Public Service Company's ability to shift up to 50 percent of budgeted funds between program segments with a 60-day notice to the Commission."

Pursuant to the Decision, APS provides this notice of its intent to shift budget funds within its Non-Residential programs, from the Non-Residential Existing Facilities, Non-Residential Peak Solutions, and Non-Residential Energy Information Services programs to the Non-Residential New Construction program and Non-Residential Advance Rooftop Controls pilot, effective February 1, 2022.

In 2021, the Non-Residential New Construction measures have seen significantly higher participation levels than anticipated. These changes provide funding to fulfill projects within Non-Residential New Construction. This increased participation trend is expected to continue and will be incorporated into the proposed APS 2022 DSM Implementation Plan.

A summary of the transfers and adjusted budgets is provided below in Table 1. Further details of the budget shifts and final program expenditures will be provided in the DSM Annual Report filed with the Commission by March 1, 2022.

*Table 1. Adjusted Program Budgets*

Non-Residential Program	2021 Original Budget	2021 Budget plus 5% Ex. Fac. & NC	Shifted dollars	2021 Adjusted Budget
Existing Facilities	\$11,169,072	\$11,727,526	(\$3,497,105)	\$8,230,421
New Construction	\$2,148,740	\$2,256,177	\$5,248,618	\$7,504,795
Energy Info Services	\$329,500	\$329,500	(\$129,500)	\$200,000
ARC Pilot	\$0	\$0	\$150,000	\$150,000
Peak Solutions	\$3,544,026	\$3,544,026	(\$1,772,013)	\$1,772,013

Please let me know if you have any questions.

Sincerely,

/s/ Elizabeth Lawrence

Elizabeth Lawrence

EL/bg

cc: Barbara Keene